

**HEALTH/DENTAL INSURANCE RENEWAL
SUMMARY OF RECOMMENDATIONS
2004-2005**

PURPOSE

Obtaining and retaining good employees is the primary purpose for providing a health insurance plan.

GOAL

The goal of the Health Insurance Advisory Committee was to assist the Financial Services staff, and our Health Insurance Consultant, in designing a plan(s) that would provide the most health insurance value for all employees within the school division. We assumed there would be no additional contributions by the school division except for increases for inflation and participant usage.

RECOMMENDATION TO SCHOOL BOARD

- Award contract for health insurance to include three plans providing choices for employees and an indemnity dental insurance to Anthem Blue Cross Blue Shield effective July 1, 2004.
- Award contract for a fully insured managed care dental plan to Dominion Dental Services, Inc., effective July 1, 2004.
- Expand current Flexible Benefits Plan to include an Unreimbursed Medical Expense Account effective October 1, 2004 (plan year runs October 1 through September 30 each year).
- Addition of MedExpert International, Inc., effective July 1, 2004.

EXPLANATION OF RECOMMENDATION

Four members of the Health Insurance Advisory Committee, our Health Insurance Consultant, one additional teacher, and the Financial Services staff evaluated the RFP responses. The Vendor of choice is Anthem Blue Cross Blue Shield, our current provider. Anthem Blue Cross Blue Shield provided the best network, discounts, and pricing arrangements for the school division.

Anthem Blue Cross Blue Shield will provide three health insurance plans for employees. The plans are: 1) Current Benefit Design with no changes, 2) KeyCare 15 to include dental and 3) KeyCare 30 to include dental. Anthem Blue Cross Blue Shield will provide the same Indemnity Dental Plan included as part of the health benefit in the KeyCare 15 and the KeyCare 30 Plans as an option for those employees not electing a benefit design that includes dental or for those employees electing to participate only in a dental plan. The dental option provided by Anthem Blue Cross Blue Shield includes coverage for preventative, basic, restorative, and orthodontics. Both the dental and the health insurance use the PPO Anthem network of providers.

Dominion Dental Services, Inc. will provide a managed care dental plan where an employee must select from an approved list of dentists provided by Dominion Dental Services, Inc. The proposed rates will remain unchanged for fiscal year 2005. Continuing this managed care dental plan as well as offering the Anthem Blue Cross Blue Shield Indemnity Dental Plan provides employees a choice and will allow those employees who have established a relationship with a particular dentist to continue their current plan. The plan provides a less expensive dental option for employees desiring this coverage.

Expanding our current Flexible Benefits Plan to include an Unreimbursed Medical Expense Account will benefit all employees in the school division. Employees will be able to lower their taxable income on a monthly basis as well as on their W-2. Also, they will have the ability to pay for medical expenses not covered by the health plan with the use of pre-tax dollars (dollars not subject to federal, state, or FICA tax). This additional benefit will be made available to employees at no cost. This benefit will begin October 1, 2004, which is the beginning of our current Flexible Benefits Plan year. It is a "use or lose" reimbursement account; employees must estimate their expenses carefully. It is recommended that \$1,500 be the maximum allowed for Unreimbursed Medical the first year.

The MedExpert International, Inc., program will provide information to any employee who on a voluntary basis chooses to participate. Participation in the health plan is not required. The MedExpert International, Inc., program uses the most current medical information and technology available to provide the employee the best treatment plan for any medical condition. This program can be offered with all health insurance plans. MedExpert International, Inc., provides information on all medical conditions in addition to the five specific medical conditions included in the Anthem Blue Cross Blue Shield Plan. Anthem's Better PreparedSM disease management program manages diabetes, congestive heart failure, coronary artery disease, and asthma.

The rates and projected costs for these recommendations are attached. The recommended changes and additions provide the school division with an avenue to recruit and retain the best and the brightest to provide a quality education for the children of Stafford County.